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THE ARC OF ST. CHARLES, INC.

FINANCIAL STATEMENTS

June 30, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/4/09

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INDEPENDENT AUDITOR'S REPORT

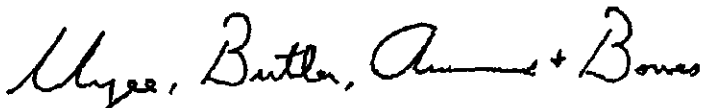
To the Board of Directors
The ARC of St. Charles, Inc.
Boutte, Louisiana

We have audited the accompanying statements of financial position of The ARC of St. Charles, Inc. (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of The ARC of St. Charles, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2008, on our consideration of The ARC of St. Charles, Inc.'s internal control over financial reporting and its compliance with certain provisions of laws, regulations, contracts and grants. That report is listed in the accompanying Table of Contents and is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.


Harvey, Louisiana

November 11, 2008

THE ARC OF ST. CHARLES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash	\$300,968	\$ 144,434
Accounts Receivable	178,378	173,244
Deposits	14,856	14,856
Prepaid Insurance	<u>823</u>	<u>-0-</u>
Total Current Assets	<u>495,025</u>	<u>332,534</u>
Property and Equipment		
Building	259,683	259,682
Furniture and Equipment	165,186	162,794
Vehicles	<u>93,523</u>	<u>93,523</u>
	518,392	515,999
Less: Accumulated Depreciation	<u>(281,352)</u>	<u>(245,206)</u>
Net Property and Equipment	<u>237,040</u>	<u>270,793</u>
TOTAL ASSETS	<u>\$732,065</u>	<u>\$603,327</u>

The accompanying notes are an integral part of these financial statements.

THE ARC OF ST. CHARLES, INC.
STATEMENTS OF FINANCIAL POSITION - CONTINUED
JUNE 30, 2008 AND 2007

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
Current Liabilities		
Accounts Payable	\$ 20,694	\$ 15,685
Payroll Taxes Payable	<u>2,638</u>	<u>16,312</u>
Total Current Liabilities	<u>23,332</u>	<u>31,997</u>
Net Assets		
Unrestricted	<u>708,733</u>	<u>571,330</u>
Total Net Assets	<u>708,733</u>	<u>571,330</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>732,065</u>	\$ <u>603,327</u>

The accompanying notes are an integral part of these financial statements.

THE ARC OF ST. CHARLES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

UNRESTRICTED NET ASSETS

	<u>2008</u>	<u>2007</u>
Support		
Dept. of Health and Hospital Services - Office of Citizens with Developmental Disabilities	\$ 5,670	\$ 34,210
Dept. of Health and Hospital Services - Medicaid	2,232,633	1,794,304
Res-Care, Inc.	109,491	120,934
Vocational Rehabilitation	22,378	36,630
United Way - Respite	30,000	30,000
United Way - Dayhab Grant	24,000	-0-
United Way	35,000	59,120
United Way - Daycare	-0-	43,600
United Way - Summer Camp	9,840	9,840
Supported Employment/Job Revenue	250,232	248,030
Council on Aging	53,452	-0-
LADD Council Grant - Summer Camp	22,000	-0-
Transportation Charges	10,786	7,937
Contributions	6,953	-0-
Interest Income	2,908	3,988
Fund Raising	10,954	14,869
Daycare Revenue	6,672	90,491
Grants - Daycare	-0-	22,883
Grants - Greenhouse	3,515	-0-
Other Income	<u>5,528</u>	<u>1,029</u>
TOTAL SUPPORT	<u>2,842,012</u>	<u>2,517,865</u>
Expenses		
Program Services	2,487,146	2,367,645
Supporting Services	<u>217,464</u>	<u>247,134</u>
TOTAL EXPENSES	<u>2,704,610</u>	<u>2,614,779</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>137,402</u>	<u>(96,914)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Special Olympics Grant and Donations	-0-	8,500
Special Olympic Expenses	<u>-0-</u>	<u>(8,500)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>-0-</u>	<u>-0-</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	137,402	(96,914)
Net Assets, Beginning of Year	<u>571,330</u>	<u>668,244</u>
Net Assets, End of Year	\$ <u>708,732</u>	\$ <u>571,330</u>

The accompanying notes are an integral part of these financial statements.

THE ARC OF ST. CHARLES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>JUNE 30,2008</u>		<u>JUNE 30,2007</u>	
	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>
Payroll - Staff	\$1,745,015	\$ 116,894	\$1,615,237	\$ 168,273
Payroll - Clients	117,025	-0-	99,070	-0-
Payroll Taxes	155,631	9,077	145,457	14,337
Retirement	-0-	-0-	7,921	-0-
Bonus and Awards	2,475	-0-	9,322	400
Insurance - Health	63,126	9,404	66,200	13,815
Professional Fees	9,387	49,773	9,437	16,170
Dues	9,347	-0-	7,492	-0-
Equipment	8,278	-0-	2,409	-0-
Licenses	872	-0-	988	-0-
Maintenance and Repairs	28,063	7,311	29,742	8,747
Miscellaneous	7,752	1,892	4,380	1,244
Office Supplies	7,152	5,457	14,766	3,125
Supplies	49,748	-0-	71,100	-0-
Telephone	12,216	4,114	15,649	3,025
Travel and Seminars	23,382	6,540	31,514	9,141
Fuel	33,938	-0-	23,772	-0-
Property and Liability Insurance	49,551	4,996	52,639	6,897
Insurance - Workers' Compensation	73,486	967	69,888	1,197
Bank Charges	27	-0-	520	-0-
Entertainment	7,076	-0-	3,112	-0-
Employee Benefit	819	-0-	-0-	-0-
Mileage Reimbursement	1,349	-0-	-0-	-0-
Depreciation	36,163	-0-	42,444	-0-
Employee Expense	8,401	-0-	8,739	151
Fund Raising	4,291	-0-	820	-0-
Daycare - Electricity	947	-0-	3,777	-0-
Daycare - Water and Sewer	159	-0-	546	-0-
Interest	-0-	-0-	-0-	352
Advertising	58	1,039	363	260
Contractual Service	<u>31,412</u>	<u>-0-</u>	<u>30,341</u>	<u>-0-</u>
Total	<u>\$ 2,487,146</u>	<u>\$ 217,464</u>	<u>\$ 2,367,645</u>	<u>\$247,134</u>

The accompanying notes are an integral part of these financial statements.

THE ARC OF ST. CHARLES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2008</u>	<u>2007</u>
Increase (Decrease) in Net Assets	\$ 137,402	\$(96,914)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	36,163	42,444
(Increase) Decrease in Current Assets:		
Accounts Receivable	(5,134)	25,635
Insurance Claims Receivable	-0-	18,436
Deposits	-0-	15,365
Prepaid Insurance	(823)	-0-
Increase (Decrease) in Current Liabilities:		
Accounts Payable	5,009	(621)
Payroll Taxes Payable	(13,690)	8,032
Accrued Payroll	<u>-0-</u>	<u>(76,044)</u>
Net Cash Provided by Operating Activities	<u>158,927</u>	<u>(63,667)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(2,393)</u>	<u>(25,266)</u>
Net Cash Used by Investing Activities	<u>(2,393)</u>	<u>(25,266)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Cash	156,534	(88,933)
Cash, Beginning of Year	<u>144,434</u>	<u>233,367</u>
Cash, End of Year	\$ <u>300,968</u>	\$ <u>144,434</u>

The accompanying notes are an integral part of these financial statements.

THE ARC OF ST. CHARLES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007

1. SIGNIFICANT ACCOUNTING POLICIES

A. The financial statements of The ARC of St. Charles, Inc. (a nonprofit organization) have been prepared on the accrual basis; therefore certain revenues and the related assets are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock.

B. Business Activity

The ARC of St. Charles, Inc. trains the mentally and physically handicapped citizens of the parish that are over 17 years of age. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews, personal hygiene, daily living skills - making change, telling time, safety - recognition of danger signs, physical training and maximization of individual potential. The organization also provides transportation for all activities including daily instruction classes.

C. Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as structured by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful life. Acquisitions of property and equipment in excess of \$200 and having a useful life of over one year are capitalized.

D. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

E. Accounts Receivable

The Organization, in regards to uncollectible accounts, utilizes the direct write off method. There were no bad debts written off for the years ended June 30, 2008 and 2007.

THE ARC OF ST. CHARLES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2008 AND 2007

F. Financial Statement Presentation

In 1997, the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organization." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net asset; unrestricted net assets, temporarily restricted net assets, and permanently restricted assets. In addition, the Organization is required to present a statement of cash flows.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those statements.

2. LEASES

The Organization leases its facilities from the St. Charles Parish School Board under a monthly operating lease at a charge of \$500 per month. The Organization pays all insurance, maintenance and improvements. The lessor may cancel the lease if the facilities are needed for school purposes.

3. CONTRIBUTED SERVICES

A number of unpaid volunteers have made contributions of their time to the Organization during the year. The value of this contributed time is not reflected in these statements since it is not material and is not susceptible to objective measurement or valuation.

4. CONTRACT REVENUES

The Organization entered into a contract with the Office of Mental Retardation, Department of Health and Hospitals to provide training to the mentally and developmentally handicapped citizens over 17 years of age in St. Charles Parish. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews and behavioral skills.

THE ARC OF ST. CHARLES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2008 AND 2007

The Organization also entered into a contract with Res-Care, Inc. (a residential provider) to provide day training to other mentally and developmentally handicapped citizens. The type of training provided is explained in the preceding paragraph.

The Organization receives its largest operating revenue for providing training and daycare to Medicaid clients.

5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2008</u>	<u>2007</u>
St. Charles School Board	\$ 13,226	\$ 13,226
Dept. of Health and Hospitals	131,335	128,858
Res-Care, Inc.	18,532	12,978
LA Rehabilitation Services	2,553	9,278
Miscellaneous	<u>12,732</u>	<u>8,904</u>
	<u>\$ 178,378</u>	<u>\$ 173,244</u>

6. ECONOMIC DEPENDENCY

The Organization depends on the Department of Health and Hospitals for a major portion of its support.

7. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISKS

The ARC of St. Charles, Inc. extends a substantial amount of credit to several nonprofit and state agencies such as the Department of Health and Hospitals and Res-Care, Inc.

8. INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, an information tax return, Form 990 for tax exempt organization is required to be filed each year.

9. TEMPORARILY RESTRICTED NET ASSETS

There were no temporarily restricted assets held by the organization as of June 30, 2008 and 2007.

THE ARC OF ST. CHARLES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2008 AND 2007

10. THREATENED AND PENDING LITIGATION

The ARC of St. Charles, Inc. was a named defendant in a lawsuit, which was settled subsequent to year end for a total cost to the organization of \$1,500. Such matters arise out of the normal course of operations.

11. DEFERRED COMPENSATION PLAN

The organization maintains a Deferred Compensation Plan for its employees. The ARC may contribute to the plan each year at the discretion of the Board. No contributions were made for the year ended June 30, 2008 and a contribution of \$7,922 was made for the year ended June 30, 2007.

12. BANK ACCOUNTS

The Organization maintains a money market account with Mutual of America Institutional Funds, Inc. The balance (which is not covered by FDIC insurance) totaled \$80,634 and \$77,623 as of June 30th 2008 and 2007. The account is insured by the SIPC (Securities Investor Protection Corporation) which is a non profit organization formed by congress in 1970 to assist in compensating securities losses up to \$100,000. It is not, however, the equivalent of FDIC insurance, as it only guarantees losses up to the amount of assets the fund possesses. In addition, the organization maintained accounts at two separate banking institutions which exceeded F.D.I.C. limitations.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
The ARC of St. Charles, Inc.
Boutte, Louisiana

We have audited the accompanying financial statement of The ARC of St. Charles, Inc. (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 11th 2008. We conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether The ARC of St. Charles, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The ARC of St. Charles, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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The ARC of St. Charles, Inc.

This report is intended solely for the use of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Uzee, Butler, Arceneux + Bowes".

Harvey, Louisiana
November 11, 2008